



THE CITY OF SAN DIEGO

Redevelopment Agency's Report

DATE ISSUED: November 23, 2004 REPORT NO. RA- 04-44

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Docket of November 30, 2004

SUBJECT: Approval of the Explorer Elementary Charter School and High Tech High Communities, Inc. partnership as the Designated Institution to receive fee title to Building 83 according to the Terms of the Naval Training Center Disposition and Development Agreement

REFERENCE: Manger's Report No. 00-134, dated June 21, 2000
Redevelopment Agency Report No. RA-03-23, dated July 9, 2003

SUMMARY:

Issue: Should the Redevelopment Agency approve the partnership of Explorer Elementary Charter School and High Tech High Communities, Inc as the Designated Institution to receive fee title to the Naval Training Center (NTC) Building 83 at no cost pursuant to the terms of the NTC Disposition and Development Agreement (DDA)?

Executive Director's Recommendation –

That the Redevelopment Agency approve the partnership of Explorer Elementary Charter School and High Tech High Communities, Inc as the Designated Institution to receive fee title to NTC Building 83 at no cost pursuant to the terms of the NTC DDA.

Fiscal Impact – None.

BACKGROUND:

The Redevelopment Agency ("Agency") and McMillin-NTC, LLC ("McMillin"), entered into a Disposition and Development Agreement (the "DDA") in June 2000. The purpose of the DDA includes effectuating the Redevelopment Plan for the Naval Training Center Redevelopment Project, adopted by the City Council in May, 1997, and the Naval Training Center Reuse Plan, adopted by the City Council in October, 1998, by providing for, among other things, the transfer of specific properties within the Redevelopment Project, by sale or long-term ground lease, from the Agency to McMillin and the redevelopment of these properties by McMillin and/or one or more assignees. The DDA contemplates the development of a mixed-use project involving the

construction and installation of public infrastructure improvements, the rehabilitation and reuse of existing buildings and construction of new buildings and improvements, as well as the development of a public waterfront park and recreation area on City-owned property.

Pursuant to Section 1.8.f. (6) of the DDA, Building 83 with 100,000 square feet of space in the NTC Education District has been reserved for conveyance at no cost to an educational institution (the "Designated Institution") to be selected by the Agency. The Designated Institution will be required to rehabilitate the building to Priority One Renovation, to pay its proportional share of capital and maintenance costs and to comply with the conditions precedent to transfer of title in the DDA. On June 28, 2002 the Redevelopment Agency transferred all property in the NTC Education District to McMillin-NTC, LLC. McMillin will transfer fee title at no cost to the Designated Institution selected by the Agency.

DISCUSSION:

On November 25, 2002 a Request for Qualifications ("RFQ") for an Educational Institution was issued which described the process for selection of and the obligations to be assumed by the Designated Institution ("Institution"). A notice of availability of the RFQ was published in the San Diego Daily Transcript on November 25, November 26, and December 2, 2002. On December 3, an information meeting and tour of building 83 was held at NTC for all interested parties. It should be noted that during the NTC Reuse planning process the San Diego Community College District expressed an interest in owning building 83. A representative of the College District attended the information meeting and tour of building 83 on December 3; however, the College District declined to submit a response to the RFQ and informed staff that it was no longer interested in the building.

Due to the size of the building a consortium of four organizations submitted qualifications to receive the building. Of the four, staff determined that two did not have sufficient resources to contribute to the renovation and operation of the building. The two organizations that were determined qualified to carry out the required renovation and operation of the building were Junior Achievement of San Diego and Imperial Counties ("Junior Achievement") and Explorer Elementary Charter School ("Explorer School"), both registered 501(c)3 nonprofit organizations who formed a separate nonprofit public benefit corporation that would take title to the building following the Agency's selection as the Designated Institution at the July 15, 2003 Redevelopment Agency hearing.

In the subsequent months, Junior Achievement withdrew from the partnership, leaving Explorer School on their own. High Tech High (HTH) School approached the Explorer School to investigate the potential of using a portion of building 83 to expand the program they are operating at NTC in Buildings 36, 37, 49 and 51. Negotiations followed and resulted in a proposed new partnership between Explorer School and HTH School with fifty percent interest in the building to each party. During the July 15, 2003 Agency hearing instructions were given to the Junior Achievement - Explorer School partnership that if there were any changes to the approved partnership, those changes were required to be brought back to the Agency for additional approval.

At this time, Explorer School and HTH School bring their proposed partnership before the Agency for their approval as the newly formed Designated Institution.

The Designated Institution will be required to satisfy all of the conditions for conveyance (“Phase Four Conditions Precedent”), and to commence and complete renovation of the building within the times specified in the DDA. Additionally, the Institution will be required to work with McMillin representatives to assure their intended uses are acceptable within the NTC Master Plan. The Agency and City have no part in financing the renovation. Upon completion of all infrastructure improvements, satisfaction of the Phase Four Conditions Precedent for the building 83 property, and upon execution of an Assignment and Assumption Agreement McMillin will convey fee title to the building at no cost to the Institution.

Explorer Elementary Charter School

Explorer Elementary Charter School is an independent K-6 public charter school founded in 2000 by parents and educators. The school’s approach to learning is individualized and project-based. Its academic program focuses on: 1) integrating critical and higher order thinking in all subjects; 2) writing across the curriculum; and 3) the development of social and community building skills, such as problem solving, mediation, respect for diversity and communication. The school opened with 116 children from kindergarten through fifth grade, and has grown to be a k-6 school serving 272 children.

In its first three years, Explorer students performed extremely well in standardized measures of achievement. The school’s 2003 CAT 6 results placed it in the top three elementary schools in the district. In 2004 78% of all students scored proficient or advanced in reading and, and 85% scored proficient or advanced in math. The school has an API score of 10, the highest possible score. Explorer enrolls through a lottery. Last year, over 400 families applied for approximately 60 spaces, and the school currently has a waiting list of over 200 families. In spring 2004 Explorer was honored as a California Distinguished School. Explorer was the only school in San Diego Unified School District to receive such an award.

High Tech High Communities, Inc

High Tech High Communities, Inc is the charter management organization (CMO) supporting the development of new High Tech High schools. HTHC has been the recipient of considerable philanthropic assistance to support school replication efforts across the United States. In September of 2001, the Bill and Melinda Gates Foundation granted \$10.2 million to HTHC to support the creation of 15 additional schools modeled after the Gary and Jerri-Ann Jacobs High Tech High. 11 of those schools are now operational within the HTH Learning Network and all 15 sites are slated to be operational in September of 2005. HTHC has also been recognized for a number of other accomplishments including becoming the first charter school organization to be authorized by the California Commission on Teacher Credentialing to operate a teacher credentialing program.

The first three flagship schools of HTHC are located at NTC: HTH, High Tech Middle (HTM), and High Tech High International (HTHI). HTH was begun in September 2000 by an industry and educator coalition, and occupies a newly designed learning space at NTC with a current enrollment of 400 students. HTH is founded on three design principles: personalization, adult-world connection, and a common intellectual mission. Innovative features include performance-based assessment, daily shared planning time for staff, state-of-the-art technical facilities for project-based learning, internships for all students, and close links to the high tech workplace. The school is one of four high schools in San Diego County to have received “10/10” API decile

rankings, and of those four schools, HTH is the only school that is racially integrated. All students from HTH's first two graduating classes have enrolled in college, and more than 50% of those graduates are the first in their families to attend college. Parent demand for HTH services has been high, with an average of three applications received for every available opening.

HTM is a grade 6-8 school that opened in September of 2003. The school customizes the essential design elements of HTH (personalization, adult-world connection and common intellectual mission) to the unique needs of early-adolescent students. While API decile rankings are not yet available, HTM received an API raw score of 861, one of the highest such scores for a middle school program in the state. Like HTH, HTM is among the more racially integrated middle schools in San Diego County. As with HTH, parent demand for HTM services has been high. In response to a high volume of applications, HTM has grown to serve an enrollment of 395 students. The partnership with Explorer will give HTHC the facility needed to open a second middle school and to shrink the enrollment of HTM down to its originally intended size of 300 students.

HTHI is the newest addition to HTHC's village of schools. The school opened in September of 2004 in a newly renovated former foundry building in NTC. The school currently serves 191 ninth and tenth graders and features a student body that is as racially integrated as the student bodies of HTH and HTM. .HTHI adopts the essential design principles of HTH while embracing a thematic focus on international studies. The school has reserved 5% of its enrollment for international exchange students and is currently serving students from Afghanistan, Bahrain, South Africa and various European countries. Next year the school is scheduled to have exchange students from the Palestinian territories, Israel and China. The school will also employ international faculty and is in the process of developing sister-school relationships with schools in many different countries.

All or substantially all of building 83 will be dedicated exclusively to nonprofit educational use or other nonprofit uses agreed to by the partnership. The Environmental Impact Report for the NTC Redevelopment Project included parking and traffic projections for building 83 based on the building being used for adult education. The uses proposed by Explorer School and High Tech High will result in a less intense use than the original projections. An analysis of the building has been done in order to determine the cost of renovation and tenant improvements. Funding for the renovation will be obtained through a 501(c)3 bond supported by a letter of credit issued by NCB Development Corporation and its affiliate National Cooperative Bank.

Respectfully submitted,

Hank Cunningham
Assistant Executive Director